Connecticut State Community College

Annual Comprehensive Financial Report

for the year ended June 30, 2024

Included as an Enterprise Fund of the State of Connecticut

CSCU

Connecticut State Community College

Annual Comprehensive Financial Report

For the Year Ended June 30, 2024

Included as an Enterprise Fund of the State of Connecticut

Prepared by the Office of the Controller

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INTRODUCTORY SECTION

Connecticut State Colleges and Universities
Members of the Board of Regents for Higher Education
As of June 30, 2024

APPOINTED BY THE GOVERNOR
JoAnn Ryan, Chair
James McCarthy, Vice Chair
Ira Bloom
Marty Guay
Juanita James
Richard Porth
Ari Santiago
Elease E. Wright
Ted Yang

APPOINTED BY LEGISLATIVE LEADERS
Richard J. Balducci
Sophia Jappinen
Erin Stewart

APPOINTED BY STUDENTS
Luis Sanchez

As of June 30, 2024 there were two vacancies: one Legislative Appointee and one Student Regent.

EX-OFFICIO, NON-VOTING MEMBERS

Brendan Cunningham	Chair of the Faculty Advisory Committee
Colena Sesanker	Vice Chair of the Faculty Advisory Committee
Dante Bartolomeo	Commissioner of the Connecticut Department of Labor
Charlene Russell-Tucker	Commissioner of the Connecticut Department of Education
Daniel O'Keefe	Commissioner of the Connecticut Department of Economic and Community Development
Dr. Manisha Juthani	Commissioner of the Connecticut Department of Public Health
Kelli-Marie Vallieres	Connecticut Chief Workforce Officer

Connecticut State Community College Presidents and CEOs

As of June 30, 2024

Asnuntuck Campus
170 Elm Street
Enfield, CT 06082
Dr. Michelle Coach, Campus CEO

Capital Campus
950 Main Street
Hartford, CT 06103
Dr. Duncan Harris, Campus CEO

Gateway Campus
20 Church Street
New Haven, CT 06510
Thomas G. Coley, Ph.D., Interim Campus CEO

Housatonic Campus
900 Lafayette Boulevard
Bridgeport, CT 06604
Patricia Benson, Ed.D., Campus CEO

Manchester Campus
Great Path
Manchester, CT 06045-1046
Dr. Nicole Esposito, Campus CEO

Middlesex Campus
100 Training Hill Road
Middletown, CT 06457
Kimberly Hogan, Campus CEO

Naugatuck Valley Campus
750 Chase Parkway
Waterbury, CT 06708
Dr. Lisa Dresdner, Campus CEO

Northwestern Connecticut Campus
Park Place East, Winsted, CT 06098 Dr.
Michael Rooke, President

Norwalk Campus 188 Richards
Avenue
Norwalk, CT 06854
Cheryl De Vonish, J.D., Campus CEO

Quinebaug Valley Campus
742 Upper Maple Street
Danielson, CT 06239
Manuel Gomez, PhD, Interim Campus CEO

Three Rivers Campus
574 New London Turnpike
Norwich, CT 06360
Dr. Mary Ellen Jukoski, President

Tunxis Campus
271 Scott Swamp Road Farmington,
CT 06032
Dr. Darryl Reome, Campus CEO

System Office, Connecticut State Colleges and Universities (CSCU)
61 Woodland Street, Hartford, CT 06105
Terrence Cheng, CSCU Chancellor

Connecticut State Community College (CT State)
185 Main Street, New Britain, CT 06051
Dr. John Maduko, CT State President

FINANCIAL SECTION

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The Board of Regents of
Connecticut State Colleges and Universities

Opinion

We have audited the financial statements of the business-type activities and discretely presented component units of the Connecticut State Community College, an enterprise fund of the State of Connecticut (the "College") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table on contents.

In our opinion, based on our audit and the reports of the other auditors, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and the discretely presented component units of the College as of June 30, 2024, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the discretely presented component units (the affiliated foundations (the "Foundations")), whose statements reflected total assets of $88.9 million and total net assets of $86.5 million as of June 30, 2024, and total revenues and support of $17.3 million for the year then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion insofar as it relates to the amounts included for the Foundations, is based solely on the reports of other auditors.

Basis for opinion

We conducted our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matters

Presentation

As discussed in Note 1, the financial statements present only the College, an enterprise fund of the State of Connecticut and do not purport to, and do not present fairly, the financial position of the State of Connecticut as of June 30, 2024, the

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changes in its financial position or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in accounting method
As discussed in Note 1 to the financial statements, the College was required to change its method of accounting for certain fringe benefit expenses and the related state appropriation revenue associated with these expenses in the year ended June 30, 2024.

Our opinion is not modified with respect to these matters.

Responsibilities of management for the financial statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required supplementary information
Accounting principles generally accepted in the United States of America require that the accompanying Management's Discussion and Analysis on pages 10 through 19 and the Schedule of Net Pension Liability and Related Ratios, Schedule of Net Post-Employment Benefits and Related Ratios, and Schedule of Contributions on pages 47 through 49 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Grant Thornton LLP

Boston, Massachusetts
March 3, 2025

INTRODUCTION

Management's Discussion and Analysis ("MD&A") provides an overview of the financial position and results of activities for the fiscal year ended June 30, 2024, with selected comparative information from fiscal year 2023. This discussion has been prepared by and is the responsibility of management and should be read in conjunction with the financial statements and footnote disclosures.

Reporting Entity

The Board of Regents for Higher Education was established by the Connecticut General Assembly in 2011 (via Public Act 11-48 as amended by Public Act 11-61) bringing together the governance structure for the four Connecticut State Universities, twelve Connecticut Community Colleges and Charter Oak State College, effective July 1, 2011. The new Board of Regents for Higher Education is authorized under the provisions of this public act to "serve as the Board of Trustees for Community-Technical Colleges".

The Connecticut State Community College ("CT State") is a single accredited community college comprised of twelve campuses (previously colleges). During the fall 2023 semester, 34,991 students enrolled in credit courses and Full-Time Equivalent ("FTE") enrollment was 20,986. During calendar year 2024, approximately 10,600 students also took a variety of non-credit skill-building programs. CT State offers two-year associate degrees and transfer programs, short-term certificates, and individual coursework in both credit and non-credit programs, often through partnerships with business and industry. In total, CT State employed approximately 2,100 full time employees at June 30, 2024.

CT State is composed of twelve campuses, the college office in New Britain, and shared services at the system office in Hartford that make up the primary reporting entity. The primary reporting entity is financially accountable for the units that make up its legal entity. CT State's twelve primary campuses are as follows:

- Asnuntuck Campus ("Asnuntuck") in Enfield
- Capital Campus ("Capital") in Hartford
- Gateway Campus ("Gateway") in New Haven and North Haven
- Housatonic Campus ("Housatonic") in Bridgeport and Derby
- Manchester Campus ("Manchester") in Manchester
- Middlesex Campus ("Middlesex") in Middletown and Meriden
- Naugatuck Valley Campus ("Naugatuck Valley") in Waterbury and Danbury
- Northwestern Connecticut Campus ("Northwestern") in Winsted
- Norwalk Campus ("Norwalk") in Norwalk
- Quinebaug Valley Campus ("Quinebaug Valley") in Danielson and Willimantic
- Three Rivers Campus ("Three Rivers") in Norwich
- Tunxis Campus ("Tunxis") in Farmington and Bristol

CT State serves an important role in the State's economy, providing convenient, accessible and flexible access to higher education for many of the State's residents, including "non-traditional" students age 22 or older. Open admission to all individuals who have a high school degree or equivalency, an emphasis on low student tuition and fees, and a policy goal of making financial aid available to meet the direct costs of attendance for students who demonstrate financial need, help to ensure access to all students regardless of income. In addition to the twelve primary locations, several of the CT State campuses have satellite locations in city centers affording even easier access to students who may not have transportation to attend the main campus. Satellite locations include downtown Danbury, Meriden, and Willimantic.

Financial Statements

The CT State financial report includes the following financial statements and related footnotes: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statement of Cash Flows. These financial statements are prepared in accordance with accounting principles generally accepted in the United

States of America as defined by the Governmental Accounting Standards Board ("GASB"). The MD&A, financial statements, notes, and other supplementary information are the responsibility of management.

GASB Statement No. 35 established standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a basis to focus on the financial condition, results of operations, and cash flows of CT State as a whole. As required by GASB Statements No. 34 and 35, fiscal year 2024 financial statements and footnotes are presented for the CT State primary institution, as well as for certain other organizations that have a significant related party relationship with CT State (the "component units").

The component units are the twelve campus foundations (the "Foundations"). Foundations are legally independent, tax-exempt non-profit organizations separate from CT State control, founded to foster and promote the growth, progress and general welfare of CT State and to solicit, receive and administer donations for such purposes. The Foundations manage most of CT State's endowments. However, the assets of these component units are not available to CT State for use at its discretion. The MD&A discusses the CT State financial statements only and not those of its component units.

Key Reporting Changes

In June 2023, the Connecticut General Assembly passed a state budget for the 2024 and 2025 biennium that changed the way fringe is paid for institutions of higher education. Effective July 1, 2023, the State funds the employee retirement benefits for CT State's employees so there is no longer a charge to CT State through a fringe benefit rate assessment. CT State funds all non-retirement employee fringe costs. A reduction in appropriations to CT State is also a result of the State directly covering retirement-related costs for CT State employees.

Financial Summary

CT State had total assets of $1.0 billion, liabilities of $1.4 billion, and a total net position balance of ($747.5) million at June 30, 2024. Of the total net position balance, ($1.4) billion is classified as unrestricted net position, a $69.1 million increase from 2023. The increase in total net position was attributed to a combination of factors, but mainly due to lower pension and other-post employment benefit ("OPEB") expenses. Other contributing factors include additional federal COVID-19 relief funding passed through to CT State from the State which helped offset the cumulative financial effects incurred from the pandemic and board-approved tuition rate increases, offset by an increase in operating expenses. These factors and other changes are further detailed in the following sections of the MD&A.

The large negative balance in unrestricted net position is a result of the adoption of GASB Statement No. 68 *Pensions* in fiscal year 2015 and GASB Statement No. 75 *Postemployment Benefits Other Than Pensions* in fiscal year 2018. Adoption of GASB 68 required CT State to recognize a net liability for pension plans, which was previously disclosed only at the State level. The adoption of GASB 75 required CT State to recognize the net liability for other post-employment benefits (OPEB).

STATEMENT OF NET POSITION

The Statement of Net Position presents the overall financial position and includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of CT State as of the end of the fiscal year. The Statement of Net Position is a point-in-time financial statement and is used as a measure of the financial condition of CT State. This statement presents a snapshot concerning assets classified as current (available for use within one year) and noncurrent (available beyond one year), liabilities categorized as current (due within one year) and noncurrent (due beyond one year), and net position. Assets represent what is owned by or what is owed to CT State and are recorded at their current value except for capital assets, which are recorded at historical cost, net of accumulated depreciation and amortization. Liabilities represent what is owed to others or what has been received from others prior to services being provided by CT State. A deferred outflow of resources represents the consumption of net assets by CT State that is applicable to a future reporting period, whereas a deferred inflow of resources is an acquisition of net assets by CT State that is applicable to a future reporting period. CT State's net position is the residual value in assets and deferred outflows after liabilities and deferred inflows are deducted. The

change in Net Position is one indicator of whether the overall financial condition of CT State has improved or worsened during the year.

The following table shows a Condensed Schedule of Net Position at June 30 ($ in thousands):

	2024	2023	% Change
ASSETS			
Current assets	$ 370,988	$ 342,236	8.4%
Non-current assets	653,976	667,358	-2.0%
Total Assets	1,024,964	1,009,594	1.5%
DEFERRED OUTFLOWS OF RESOURCES	304,033	529,002	-42.5%
LIABILITIES			
Current liabilities	86,464	107,335	-19.4%
Non-current liabilities	1,268,466	1,463,185	-13.3%
Total Liabilities	1,354,930	1,570,520	-13.7%
DEFERRED INFLOWS OF RESOURCES	721,545	748,751	-3.6%
NET POSITION			
Invested in capital assets	623,478	637,389	-2.2%
Restricted nonexpendable	20	20	0.0%
Restricted expendable	26,452	48,446	-45.4%
Unrestricted	(1,397,428)	(1,466,530)	4.7%
Total Net Position	$ (747,478)	$ (780,675)	4.3%

Assets

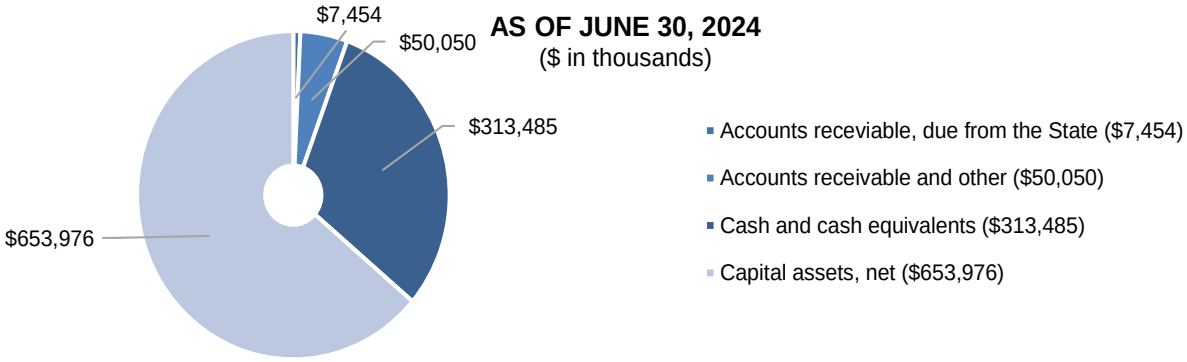
Total assets increased by $15.4 million in fiscal year 2024 due to the following:

Current assets consist of cash and cash equivalents and accounts receivable. The $28.8 million increase in current assets from the previous year is attributable to a $62.3 million increase in cash and cash equivalents. Accounts receivable due from State decreased by $19.1 million, which is due to a change in the State's fringe methodology, whereby the State pays for retirement-related fringe benefit costs for all CT State employees. There was also a $14.9 million decrease in accounts receivable other, net that is mostly attributable to a decrease in restricted grants receivable.

The current ratio identifies the amount of resources available to meet current obligations. This ratio of unrestricted current assets is 4.3:1 in 2024, which is an increase from 3.2:1 in 2023. The current ratio reflects a financial position sufficient to provide short-term liquidity.

Non-current assets which consists of capital assets, net, decreased by $13.4 million. At June 30, 2024, capital assets in service totaled $1.2 billion, offset by $557.9 million in accumulated depreciation and amortization. There were $11.3 million in additions to Construction in Progress, representing various building improvements across the campuses. Completed projects totaled $7.4 million and include the Naugatuck Valley Garage Renovation, Middlesex Advanced Manufacturing Center, Tunxis Roof Replacement, Norwalk Chiller Replacement, and various other building improvements.

The following graph shows total assets by major category:



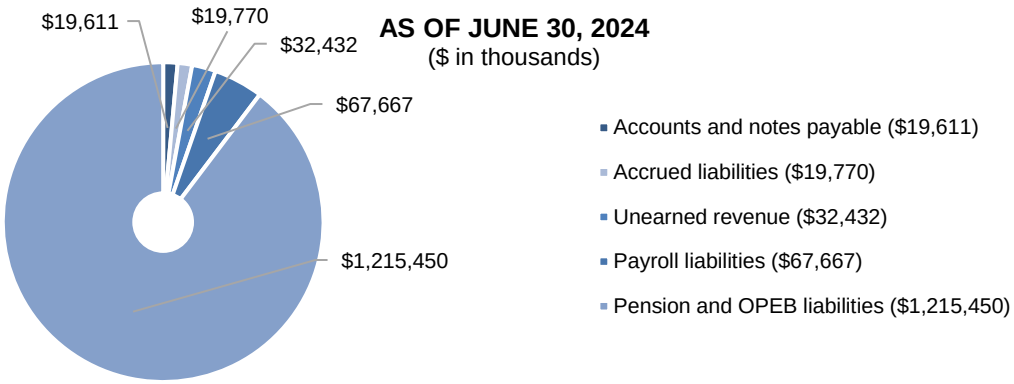
Liabilities

Total liabilities decreased by $215.6 million in fiscal year 2024 due to the following:

Current liabilities as of June 30, 2024 consist primarily of accrued payroll and related benefits of $32.9 million which decreased by $4.7 million from June 30, 2023 due to timing of payroll. Deferred revenue decreased by $14.5 million, mostly attributed to a decrease in ARPA funding from 2023 to 2024. Additional significant current liabilities include vendor accounts payable of $6.6 million which is a decrease of $6.7 million, $4.6 million for the estimated value of accrued compensated absences that will be paid within the coming year to employees who terminate or retire, and $2.2 million in agency and loan fund liabilities. The current portion of notes payable consists of an agreement to purchase IT infrastructure.

Non-current liabilities consist of $486.8 million in pension liability, $728.6 million in OPEB liability, $30.1 million of long-term accrued compensated absences ("ACA") to be paid out to terminating employees over time in the future beyond one year, $12.1 million in subscription-based IT arrangements and lease liabilities, and $10.8 million in the non-current portion of the note payable mentioned above. *Pension liabilities* represent CT State's proportionate share of the State Employee Retirement System's (SERS) and the Teachers Retirement System's ("TRS") net pension liability. *Other post-employment benefits* liability represents CT State's proportionate share of the State's OPEB liability as a whole. The pension liability decreased by $164.1 million which is a result of the CT State proportionate share decreasing from 2.88% in fiscal year 2023 to 2.25% in FY24 offset by an increase from 0.08% to 0.11% for SERS and TRS, respectively. This was primarily driven by transfers from the State's reserve fund as surplus contributions to the plan which reduced the CT State liability allocation. The OPEB liability decreased $21.2 million which was primarily a result of an update in the discount rate from 3.90% to 6.90%.

The following graph shows total liabilities by major category:



Deferred Outflows and Deferred Inflows of Resources

Deferred outflows of resources decreased $225.0 million, mainly due to the amortization of prior year deferred balances and net investment experience gains related to net pension and net OPEB liabilities. Additionally, there was a decrease in contributions made after the measurement date because there were no contributions for fiscal year 2024 for both pension and OPEB. These decreases were partially offset by OPEB actuarial assumption changes and a pension actuarial experience loss.

Deferred inflows of resources decreased $27.2 million, mainly due to the amortization of prior year deferred balances related to net pension and net OPEB liabilities. This decrease was partially offset by additions related to changes in the proportion of net pension and OPEB liabilities, and an OPEB actuarial experience gain.

Net Position

The *total net position* includes $623.5 million *Net Investment in Capital Assets* which represents CT State's capital assets net of accumulated depreciation and amortization.

Restricted-Nonexpendable net position is minimal as the college does not generally carry any permanent endowment as a direct activity which is generally held by the supporting foundations.

Restricted-Expendable net position represents primarily bond fund appropriation balances at June 30, 2024, funds held in restricted accounts pending distribution, as well as private gifts and donations, mostly for scholarships, whose revenues have been recognized but not yet expended.

Unrestricted net position ("UNP") has shifted to a negative balance with the recognition of the pension and OPEB liabilities. Excluding the activity related to the actuarially determined net pension and OPEB liabilities, UNP increased by $81.0 million to $234.9 million during fiscal year 2024.

The table below illustrates the effects of GASB 68 and GASB 75 on CT State's net position at June 30 ($ in thousands):

	2024	2023	% Change
NET POSITION			
Net investment in capital assets	$ 623,478	$ 637,389	-2.2%
Restricted nonexpendable	20	20	0.0%
Restricted expendable	26,452	48,446	-45.4%
Unrestricted	(1,397,428)	(1,466,530)	4.7%
Total Net Position	$ (747,478)	$ (780,675)	4.3%
Pension and OPEB Impact (GASB 68 and 75)	1,632,348	1,620,480	0.7%
Total Net Position, Excluding Pension and OPEB	$ 884,870	$ 839,805	5.4%
Unrestricted Net Position, Excluding Pension and OPEB	$ 234,920	$ 153,950	

Unrestricted net position excluding pension and OPEB of $234.9 million includes funds that are designated to be set aside as reserves according to the CT State fund balance policy.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents either an increase or decrease in net position based on the revenues earned, the expenses incurred, and any other gains and losses recognized by CT State. Revenues and expenses are classified as operating, nonoperating, or other changes in net position according to definitions prescribed by GASB.

Generally, operating revenues are earned when providing goods and services to the various customers of CT State. Operating expenses are incurred in the normal operations of CT State and represent those expenses paid to acquire or produce the goods and services provided in return for operating revenues. Operating expenses also include a provision for estimated depreciation and amortization of capital assets. The difference between operating revenues and operating expenses is the operating income or loss.

As a state-funded institution, CT State does not receive sufficient tuition and fee revenue to support the operations of CT State. Significant recurring sources of nonoperating revenues utilized in balancing the operating loss each year include appropriations from the State for general operations and federal and state financial aid.

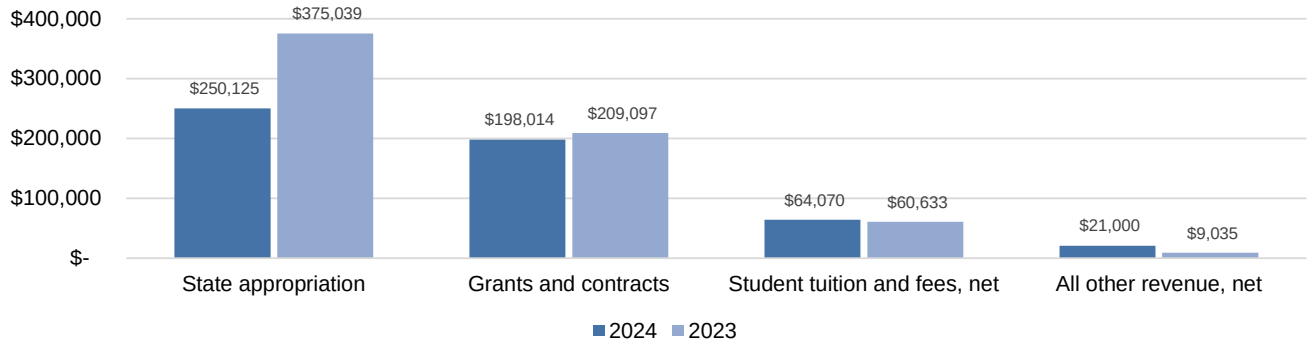
The following table shows a Condensed Schedule of Revenues, Expenses, and Changes in Net Position for the fiscal years ended June 30 ($ in thousands):

	2024	2023	% Change
OPERATING REVENUES			
Student tuition and fees, net	$ 64,070	$ 60,633	5.7%
Grants and contracts	52,783	52,412	0.7%
Other revenues	9,316	4,531	105.6%
Total Operating Revenues	126,169	117,576	7.3%
OPERATING EXPENSES			
Expenses before depreciation and amortization	462,379	440,132	5.1%
Depreciation and amortization	38,106	35,813	6.4%
Total Operating Expenses	500,485	475,945	5.2%
Operating Loss	(374,316)	(358,369)	4.4%
NON-OPERATING REVENUES (EXPENSES)			
State appropriations	250,125	375,039	-33.3%
Pell grant revenue	67,562	60,149	12.3%
Federal non-operating grant revenue	77,669	96,536	-19.5%
Other non-operating revenue (expense), net	11,684	4,504	-159.4%
Total Non-operating Revenues	407,040	536,228	-24.1%
OTHER CHANGES IN NET POSITION			
Loss on disposal of asset and other additions (deductions)	473	(2,609)	-118.1%
Total Other Changes in Net Position	473	(2,609)	-118.1%
NET POSITION			
Change in Net Position	33,197	175,250	-81.1%
Net Position, Beginning of Year	(780,675)	(955,925)	18.3%
Net Position, End of Year	$ (747,478)	$ (780,675)	4.3%

Revenues

The following graph shows CT State's total operating and nonoperating revenues by category, excluding other changes in net position:

REVENUE SUMMARY BY CATEGORY ($ IN THOUSANDS)

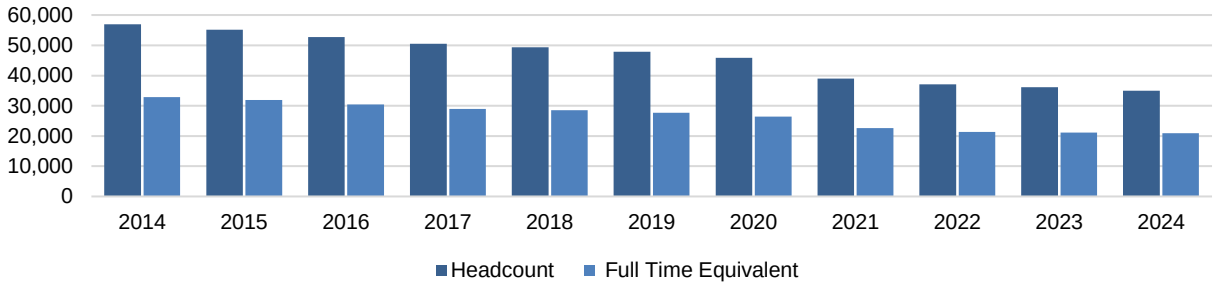


Operating Revenues

Total *operating revenues* increased by $8.6 million in fiscal year 2024. *Student tuition and fees* represent the largest portion of operating revenue on a gross basis but are offset by student financial aid and waivers resulting in net tuition and fee revenue of $64.1 million. This differs from budgetary practices, which recognize revenues on a gross basis without offset for scholarship allowances. These revenues reflect an increase in tuition fees of 5% offset by a decrease in full-time equivalents of 1%. Scholarship discounts and allowances increased by $2.2 million due to continued State support for the Mary Ann Handley Award scholarships (formerly named Pledge to Advance Connecticut ("PACT")) scholarships.

The graph below presents headcount and full-time equivalent enrollment over the last 10 years:

FALL HEADCOUNT ENROLLMENT AND FULLTIME EQUIVALENT
10-YEAR COMPARISON



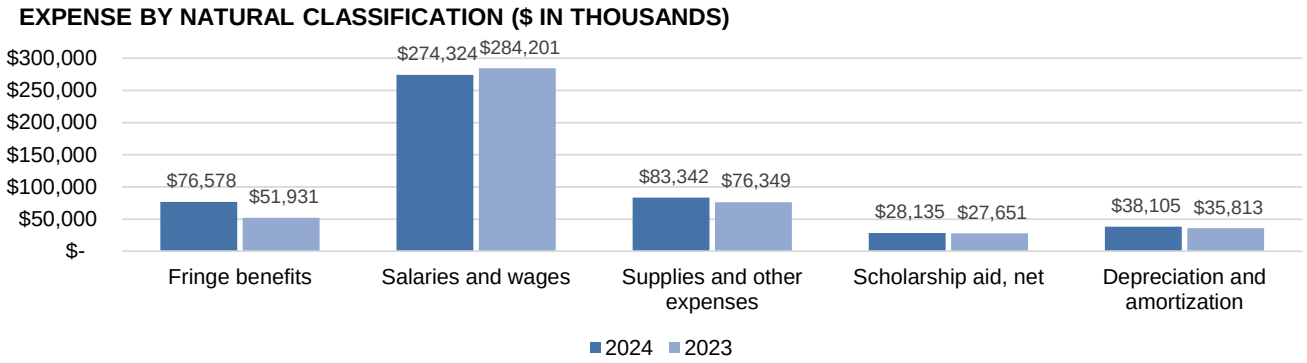
Nonoperating Revenue and Expenses

Nonoperating revenue and expenses includes state appropriations, certain federal grants including the American Rescue Plan Act of 2021 ("ARPA") grants, private gifts and donations, and investment income earned on cash balances invested by the State treasurer's office. The State appropriation for salaries, fringe, and other was $219.6 million which is a decrease of $137.8 million from 2023. The decrease in appropriations is mainly due to the change in methodology related to how the State funds retirement contributions for employees; beginning on July 1, 2023, the State pays contributions directly instead of through general fund allocations to CT State. Bond fund appropriation revenues increased to $25.7 million in 2024 from $17.7 million in 2023. Total directly awarded federal grant revenue during fiscal year 2024 was $1.0 million, down from $27.1 million in 2023 due to the end of the Higher

Education Emergency Relief Fund ("HEERF") in 2023, and indirectly awarded federal grants were $76.6 million, up from $69.5 million in 2023. Pell grant revenue increased by $7.4 million due to the increase in overall enrollment.

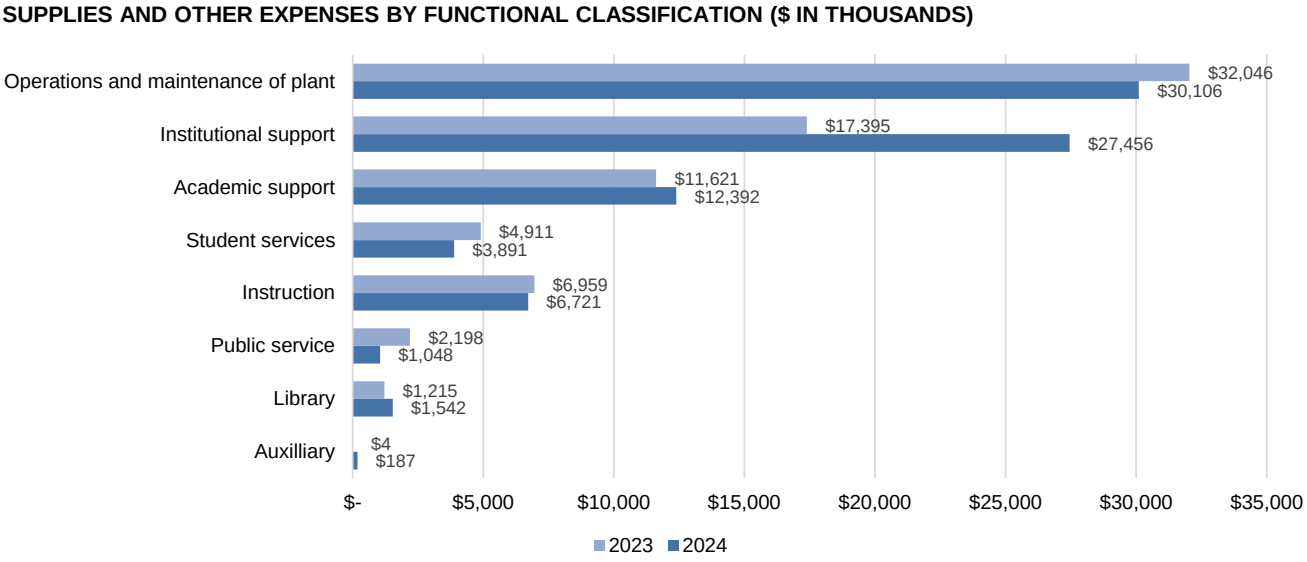
Operating Expenses

The following graph shows CT State's operating expenses by natural classification:



Total operating expenses for fiscal year 2024 were $500.5 million which reflects an increase of $24.5 million from fiscal 2023. In addition, operating expenses include $28.1 million in net scholarship aid expense provided to students, which is an increase of $0.50 million from 2023. There was also $30.3 million in depreciation expense, $7.8 million in amortization expense, and $83.0 million for all other service and supply costs in 2024. Supplies and services include non-capital telecommunications and information technology-related services and supplies; premises and property-related expenses including utilities, security, maintenance and repairs, custodial and grounds, and all other non-personnel costs of operating the college. Other operating supplies and expenses increased by $6.7 million.

CT State recorded an operating loss of $374.3 million during the year ended June 30, 2024. This results primarily from the fact that the State general fund appropriation and related fringe benefits, as well as State bond fund appropriations are classified as *nonoperating revenues*, although the expenditure of these resources on personnel, non-capital equipment and depreciation are considered to be operating expenses.



Other Changes in Net Position

Other changes in net position include the loss on disposal of assets and a reduction of available projects funds held by, and administered by, DAS on behalf of CT State.

STATEMENT OF CASH FLOWS

The statement of cash flows presents the significant sources and uses of cash. Cash flows from operating activities is expected to be different from the operating loss amount on the Statement of Revenues, Expenses, and Changes in Net Position. The difference results from noncash items such as depreciation and amortization expense, and in the use of the accrual basis of accounting in preparing the Statement of Revenues, Expenses, and Changes in Net Position. The Statement of Cash Flows shows cash inflows and outflows without regard to accruals.

The following table shows a Condensed Statement of Cash Flows for the fiscal years ended June 30 ($ in thousands):

	2024	2023	% Change
NET CASH PROVIDED BY (USED IN)			
Operating activities	$ (334,618)	$ (484,662)	-31.0%
Noncapital financing activities	388,833	555,160	30.0%
Capital and related financing activities	(4,468)	(2,599)	71.9%
Investing activities	12,532	6,059	106.8%
Net change in cash and cash equivalents	62,279	73,958	-15.8%
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents, beginning of year	251,206	177,248	41.7%
Cash and cash equivalents, end of year	$ 313,485	$ 251,206	24.8%

Major sources of *operating activity* cash inflows include receipts of student tuition and fees of $69.1 million and receipts from government grants and contracts of $57.6 million. Cash is also received from private grants and contracts, miscellaneous auxiliary and educational sales, and other activities. The largest operating cash outflows include salaries paid to employees of $275.9 million and fringe benefits paid on behalf of employees of $65.4 million.

The largest inflow of cash related to *non-capital financing* is State appropriations, which were $243.4 million, including general fund appropriations to cover salaries and certain fringe benefits, additional one-time funding, the portion of bond appropriations expended for non-capitalized equipment, deferred maintenance and other non-capital items. Other non-capital financing cash inflows include Pell grants and other federal grants of $145.2 million.

Capital financing cash flows result primarily from the receipt or reallocation of capital appropriations and from cash outlays made to purchase capital assets either by CT State directly, or by DAS on CT State's behalf. During fiscal year 2024, capital financing net cash inflows of $26.2 million reflected the receipt of bonds which were offset by $24.9 million used for the purchase of capital assets, and $5.8 million used for principal and interest payments on obligations.

Cash provided by *investing activities* represents interest income earned on operating fund cash balances invested by the State treasurer on behalf of CT State and distributed quarterly. Cash inflows from the Short-Term Investment Fund ("STIF") increased by $6.4 million due to the favorable increase in interest rates.

ECONOMIC OUTLOOK

In June 2024, the Board of Regents approved an annual operating budget for 2025 of $468.2 million, supported by revenues of $465.9 million, resulting in a shortfall of $2.2 million. After the budget was adopted, the State

appropriation increased by $7.8 million allocated for Reserve Salary Adjustment (RSA) and $2.35 million reduction per Office of Policy and Management (OPM)'s holdback. The additional State appropriation improved the FY25 budget from a shortfall to a surplus. On November 15, 2024, the Board of Regents reviewed and approved CT State's deficit mitigation plan to address the projected shortfall before additional $6.4 million one-time funding was re-allocated from the State. Overall, at mid-year review, 2025 is projected to have a $30.5 million positive balance. This is due to an improvement in revenue of $12.4 million from enrollment increases, higher interest earned on reserve balance and improved sales of educational activities plus additional State funds of $11.8 million combined with a reduction of $8.5 million in personnel services expenditures.

To address fiscal challenges, CT State embarked on strategic financial planning, exploring alternative revenue sources, implementing cost-saving measures, and adapting programs to meet changing student and workforce needs. Despite fiscal challenges, CT State presents a budget that continues to invest in areas of strategic priority. Specifically, the fiscal year 2025 budget preserves instructional and student support services while investing in mental health, public safety, human resources and diversity, equity and inclusion including Equal Employment Opportunity (EEO) and disability services. Personnel and related costs have always been the largest area of expenditure and include State Employee Bargaining Agent Coalition ("SEBAC") raises effective July 1, 2024. Beginning in fiscal year 2024, the State pays the retirement-related fringe benefit costs for all employees of the constituent units of the state higher education system, rather than only for General Fund supported employees. CT State's operating revenue covers the employee health and life insurance, unemployment compensation, and employers' social security tax for all employees. Accordingly, the revenue and expenditure presentation for fiscal year 2025 budget will mirror the 2024 fiscal year.

Additional Information

This financial report is designed to provide a general overview of CT State's finances and to show accountability for the funds it receives. Questions about this report or requests for additional financial information should be directed to the CSCU Chief Financial Officer.

		2024
ASSETS		
Current Assets		
Cash and cash equivalents	$	313,484,875
Accounts receivable, due from the State		7,454,071
Accounts receivable other, net		49,483,845
Prepaid expenses and other current assets		565,797
Total Current Assets		370,988,588
Non-current Assets		
Capital assets, net		653,975,843
Total Non-current Assets		653,975,843
Total Assets	$	1,024,964,431
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension	$	121,173,049
Deferred other post employment benefits		182,860,453
Total Deferred Outflows of Resources	$	304,033,502
LIABILITIES		
Current Liabilities		
Accounts payable	$	6,642,693
Subscription liabilities		3,742,673
Leases payable		1,825,601
Accrued expenses - salary and fringe benefits		32,896,565
Accrued compensated absences		4,620,991
Unearned tuition and grant revenue		32,431,661
Note payable		2,161,448
Other liabilities		2,143,042
Total Current Liabilities		86,464,674
Non-current Liabilities		
Subscription liabilities		5,655,977
Leases payable		6,402,876
Note payable		10,807,243
Accrued compensated absences		30,149,448
Pension liability, net		486,823,236
Other post employment benefits liability net		728,626,929
Total Non-current Liabilities		1,268,465,709
Total Liabilities	$	1,354,930,383
DEFERRED INFLOWS OF RESOURCES		
Deferred pension	$	281,897,910
Deferred other post employment benefits		439,033,209
Deferred lease inflows		614,378
Total Deferred Inflows of Resources	$	721,545,497
NET POSITION		
Net investment in capital assets	$	623,478,154
Restricted		
Nonexpendable		20,000
Expendable		26,452,426
Unrestricted		(1,397,428,527)
Total Net Position	$	(747,477,947)

See accompanying notes to basic financial statements

		2024
ASSETS		
Cash and cash equivalents	$	4,932,461
Accounts receivable, net		10,476
Contributions receivable, net		458,631
Prepaid expenses and other assets		62,132
Investments		83,509,690
Total assets	$	88,973,390
LIABILITIES		
Accounts payable and accrued expenses	$	713,642
Grants payable		1,432,408
Scholarships payable		172,701
Other liabilities		172,018
Total liabilities		2,490,769
NET ASSETS		
Without donor restrictions		20,977,198
With donor restrictions		65,505,423
Total net assets		86,482,621
Total liabilities and net assets	$	88,973,390

		2024
OPERATING REVENUES		
Student tuition and fees	$	152,063,712
Less: Scholarship discounts and allowances		(87,993,534)
Net student tuition and fees		64,070,178
Federal grants and contracts		24,778,564
State and local grants and contracts		25,160,229
Nongovernment grants and contracts		2,844,450
Auxiliary revenues		389,039
Other operating revenues		8,926,868
Total Operating Revenues		126,169,328
OPERATING EXPENSES		
Salaries and wages		274,323,991
Fringe benefits		76,578,387
Professional services and fees		16,720,215
Educational services and support		11,780,668
Travel expenses		2,060,456
Operation of facilities		29,700,803
Other operating supplies and expenses		23,080,068
Scholarship aid, net		28,134,845
Depreciation expense		30,347,666
Amortization expense		7,757,711
Total Operating Expenses		500,484,810
Operating Loss		(374,315,482)
NONOPERATING REVENUES (EXPENSES)		
State appropriation		250,124,992
Pell grant revenue		67,562,257
Federal non-operating grant revenue		901,522
Federal non-operating pass-through grant revenue		76,766,498
Other non-operating revenue (expense), net		12,629,538
Interest Expense		(946,152)
Net Nonoperating Revenues		407,038,655
Increase Before Other Changes in Net Position		32,723,173
OTHER CHANGES IN NET POSITION		
Capital and other deductions		614,099
Loss on disposal of assets		(140,601)
Total Other Changes in Net Position		473,498
Increase in Net Position		33,196,671
NET POSITION		
Net Position, Beginning of Year		(780,674,618)
Net Position, End of Year	$	(747,477,947)

See accompanying notes to basic financial statements

Connecticut State Community College
Combined Statement of Activities - Component Units - Foundations
For the Year Ended June 30, 2024

	2024		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES			
Gifts and grants	$ 2,826,728	$ 5,197,234	$ 8,023,962
Events and activities	697,963	42,625	740,588
Investment return, net	2,272,085	6,249,740	8,521,825
Net assets released from restrictions	3,300,782	(3,300,782)	-
Total Revenues	9,097,558	8,188,817	17,286,375
EXPENSES			
Program services	$ 5,175,906	$ -	$ 5,175,906
Scholarships, awards, and financial aid	2,535,750	-	2,535,750
Fundraising events	833,319	-	833,319
Management and general	1,288,071	-	1,288,071
Total Expenses	9,833,046	-	9,833,046
Change in Net Assets	(735,488)	8,188,817	7,453,329
NET ASSETS			
Net Assets, Beginning of Year	$ 17,650,832	$ 61,378,460	$ 79,029,292
Net Assets, End of Year	$ 16,915,344	$ 69,567,277	$ 86,482,621

See accompanying notes to basic financial statements

	2024
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 69,099,613
Grants and contracts	57,644,320
Auxiliary and Other Operating Revenues	9,560,784
Payments to employees	(275,896,806)
Payments for fringe benefits	(65,389,347)
Payments to students	(29,500,877)
Payments to vendors	(100,136,161)
Net Cash Used in Operating Activities	(334,618,473)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	12,532,020
Net Cash Provided by Investing Activities	12,532,020
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State appropriations	26,198,574
Purchase of capital assets	(24,864,014)
Principal and interest paid on obligations	(5,802,859)
Net Cash (Used In) Provided by Capital and Related Financing Activities	(4,468,299)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	243,449,844
Nonoperating federal grants	145,230,278
Other non-operating revenue	153,229
Net Cash Provided by Noncapital Financing Activities	388,833,351
INCREASE IN CASH AND CASH EQUIVALENTS	62,278,598
BEGINNING CASH AND CASH EQUIVALENTS	$ 251,206,278
ENDING CASH AND CASH EQUIVALENTS	$ 313,484,876
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Operating Loss	$ (374,315,482)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation and Amoritzation expense	38,105,377
Loss on disposal of assets	140,601
Changes in Operating Assets, Liabilities and Deferred Outflows and Inflows of Resources:	
Accounts Receivable, net	14,873,914
Prepaid expenses and other assets net	(453,000)
Accounts payable and other liabilities	(16,793,951)
Unearned tuition, fees and grant revenue	(6,354,527)
Accrued compensation and compensated absences	(2,251,741)
Pension and other post-employment benefits liability, net	(185,332,571)
Deferred outflows of resources	224,968,663
Deferred inflows of resources	(27,205,756)
Net Cash Used in Operating Activities	$ (334,618,473)

1. Summary of Significant Accounting Policies

Reporting Entity

The Connecticut State Colleges and Universities System ("CSCU") was established by the State of Connecticut (the "State") in 2011 via Public Act 11-48 as amended by Public Act 11-61. This brought together the governance structure for the Connecticut State University System ("CSU"), the Connecticut Community College System ("CCC" or "the Colleges") and Charter Oak State College ("COSC") under the newly formed Board of Regents for Higher Education. Effective July 1, 2023, the twelve community colleges were merged under the name Connecticut State Community College ("CT State") and were granted accreditation by the New England Commission of Higher Education ("NECHE"). CT State's first semester of operation as a merged college was Fall 2023.

CSCU consists of six separate institutions including four state universities, CT State (comprised of twelve campuses), and Charter Oak State College. The CSCU system offers associate degrees, baccalaureate, graduate and certificate programs, applied doctoral degree programs in education as well as short-term certificates and individual coursework in both credit and noncredit programs.

The financial statements presented herein represent only the financial activities of CT State. Separate financial statements are issued for CSU and COSC.

Basis of Presentation

The financial statements for CT State have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"), as prescribed by the Government Accounting Standards Board ("GASB"). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The organization in the financial statements includes CT State, and its aggregate discretely presented component units.

CT State is considered a special-purpose government engaged primarily in business-type activities, defined by GASB as those activities that are financed in whole or in part by fees charged to external parties for goods or services.

The CT State financial statements include three statements: the statement of net position, the statement of revenues, expenses, and changes in net position and the statement of cash flows.

- The statement of net position presents information on all of CT State's assets, liabilities, deferred outflows and inflows, and net position.

- The statement of revenues, expenses and changes in net position presents information showing how the incumbent's net position changed during the fiscal years presented. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, certain revenues and expenses are reported in these statements for items that will only result in cash flows in future fiscal periods (e.g., the accrual for compensated absences).

- The statement of cash flows are presented using the direct method. The direct method of cash flow reporting portrays net cash flow from operations by major class of operating receipts and expenditures (e.g., payments to employees for salaries and benefits).

Component Units

There are several legally separate, tax-exempt, affiliated organizations (the "Foundations") which must be reported as component units of CT State and are presented discretely in these financial statements. The Foundations act primarily as fund-raising organizations to supplement the resources that are available to the CT State campuses in support of their programs. The majority of resources or income thereon that the Foundations hold and invest is restricted to the activities of the campuses by the donors. Since these restricted resources held by the Foundations can only be used by, or for the benefit of, CT State, the Foundations are considered component units of the CT State primary institution.

The Foundations are private nonprofit organizations that report under Financial Accounting Standards Board ("FASB") standards, which include guidelines for *Financial Reporting for Not-for-Profit Organizations.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the CT State financial reporting entity for these differences. The disclosures included in the financial statements address only the CT State and not the related Foundations. Three of the twelve Foundations report on a December 31 fiscal year end. These Foundation's assets represent 7.9% of total assets, and 8.1% of total net assets for the discretely presented component units at June 30, 2024. Each of the foundations issues a separate audited financial statement which may be obtained by contacting the system office at 61 Woodland Street, Hartford, CT 06105.

Net Position

Resources are classified for reporting purposes into the following four net position categories:

- **Investment in Capital Assets, Net**
  Capital assets, at historical cost or fair market value on date of gift, net of accumulated depreciation, and right-of-use assets, net of accumulated amortization. Similar net assets are included in net assets without donor restrictions in the statements of the foundation component units.

- **Restricted Nonexpendable**
  Net position subject to externally imposed stipulations that they be maintained in perpetuity by CT State. Similar net assets are referred to as net assets with donor restrictions in the statements of the foundation component units.

- **Restricted Expendable**
  Net position whose use by CT State is subject to externally imposed stipulations that can be fulfilled by actions of CT State pursuant to those stipulations or that expire by the passage of time. Similar net assets are referred to as net assets with donor restrictions in the statements of the foundation component units.

- **Unrestricted**
  Net position that is not subject to externally imposed stipulations is considered unrestricted. Unrestricted net position may be designated for the specific purpose by actions of management or the Board of Regents ("BOR") or may otherwise be utilized to satisfy certain contractual agreements with outside parties. Substantially all unrestricted net position will be utilized for support for academic and research programs and initiatives, and capital programs.

Classification of Assets and Liabilities
CT State presents short-term and long-term assets and liabilities in the statement of net position. Short-term assets include balances with maturities of one year or less, and assets expected to be received or used within one year or less, from June 30. Long-term assets represent balances with maturities of greater than one year, and assets expected to be received or used after one year, from June 30. Cash and cash equivalents and investments presented as short-term in the statement of net position include balances with a maturity of one year or less from June 30. Long-term cash and cash equivalents and investments include balances with a maturity of greater than one year from June 30 and balances that have externally imposed restrictions as to use.

Cash and Cash Equivalents
Cash and cash equivalents consist of cash held by the state treasurer in a Short-Term Investment Fund ("STIF"), state general fund and capital appropriations, restricted cash held in an escrow account, and petty cash. The STIF, stated at market value, is held on behalf of CT State by the State Treasurer and has original maturities of three months or less (see Note 2).

The largest inflow of cash related to non-capital financing is State appropriations and the portion of bond appropriations expended for non-capitalized equipment, deferred maintenance and other non-capital items. The appropriation is treated as a cash equivalent for accounting and reporting purposes and is included in the cash flow statement.

Fair Value of Financial Instruments
Fair value approximates carrying value for cash and cash equivalents, notes and accounts receivable, accounts payable, accrued interest and deposits.

Investment in Capital Assets
Capital assets of the college are stated at historical cost or, in the case of donated property, at acquisition value at the date of the gift. Land, capitalized collections, and construction in progress are not depreciated. Depreciation of capital assets is calculated on a straight-line basis over the respective asset's estimated useful life.

Useful lives assigned to assets are as follows:

Asset Class Description	Useful Life
Buildings	40 years
Site and Building Improvements	20 years
Library Materials	10 years
Non-Collectible Artwork	10 years
Other Equipment	10 years
Vehicles	10 years
Software	5 years
Technology	5 years

CT State does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are neither disposed of for financial gain nor encumbered in any means. Accordingly, such collections are not recognized or capitalized for financial statement purposes.

Major construction projects for new physical plant and original equipment financed by the State capital outlay appropriations are managed and controlled by the Division of Construction Services of the State of Connecticut ("DCS").

Title to all assets, whether purchased, constructed or donated, is held physically by the State.

Right of Use Asset
Right-of-Use ("ROU") building and equipment assets are recognized at the lease commencement date and represent CT State's right to use an underlying asset for the lease term. ROU assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement and initial direct costs.

ROU subscription assets are recognized at the agreement's commencement date and represent CT State's right to use an underlying asset for the agreement term. ROU assets are measured at the initial value of the liability plus any payments made at or before commencement and initial direct costs. Amortization for ROU intangible assets is computed using the straight-line method over the shorter of the contract term or estimated useful lives of the assets; but if the underlying lease contains a purchase option determined to be reasonably certain of being exercised, the ROU intangible asset is amortized over the estimated useful life of the asset. ROU subscription assets are reported within Investments in capital assets in the statement of net position.

Lease Receivable
Lease receivables are recorded by CT State as the present value of lease payments expected to be received under all leases other than short term. Lease receivables are subsequently reduced over the life of the lease as cash is received in the applicable reporting period. Short term leases, those with a maximum period of 12 months, are recognized as collected.

Deferred Inflows
Deferred inflows consist of certain changes in the net pension and OPEB liabilities and unrecognized revenues from other than short term leases.

Leases Payable
Leases payable represent CT State's obligation to make lease payments arising from leases other than those deemed to be short term. Leases payable are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments is discounted based on a borrowing rate determined by CT State. Short term leases, those with a maximum period of 12 months, are expensed as incurred.

Subscription Liability
Subscription liabilities represent CT State's obligation to make payments to the vendor, measured at the present value of subscription payments over the remaining term. Subscription liabilities are recognized at the Subscription-Based Information Technology Arrangements ("SBITA") commencement date based upon the present value of future subscription payments over the remaining SBITA term. Short term subscription liabilities, those with a maximum period of 12 months (or less), are expensed as incurred.

Accrued Compensated Absences (ACA)
Employees earn the right to be compensated during absences for vacation leave, sick leave and related fringe benefits. The accompanying statement of net position reflects the accrual for the amounts earned as of year-end.

Pension & Other Post Employment Obligations
CT State records pension and other post-employment benefit obligations equal to the net liability for its defined benefit and retiree health plans. These net liabilities are measured as the total pension and health liability, less the amount of the respective plan's fiduciary net position. The total liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the plan's fiscal year end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. Because there

are other state entities participating in the plans, the net liability recorded by CT State is based on an allocation of the total net liability, as determined by an independent actuary.

Pension and other post-employment benefit expenses are recognized for benefits earned during the period, interest on the unfunded liability and changes in benefit terms. The differences between expected and actual experience and changes in assumptions about future economic or demographic factors are reported as deferred inflows or outflows of resources and are recognized over the average expected remaining service period for employees eligible for pension benefits. The differences between expected and actual returns are reported as deferred inflows or outflows and are recognized over five years.

In June 2023, the Connecticut General Assembly passed a state budget for the 2024 and 2025 biennium that changed the way fringe is paid for institutions of higher education. Effective July 1, 2023, the State directly funds CT State employee benefit retirement costs, which are therefore no longer charged to CT State through a fringe benefit rate assessment. As a result, there is a corresponding reduction in appropriations to CT State since the State is directly covering retirement-related costs for all eligible CT State employees. During the year ended June 30, 2023, CT State incurred $130.1 million in fringe retirement costs with an offsetting amount reported in state appropriations.

Unearned Tuition, Fees and Grant Revenue
Unearned revenue consists primarily of tuition and fees collected as of year-end for the upcoming summer or fall semesters.

The State allotted $63.3 million to CT State in fiscal year 2024 which was part of the State's American Rescue Plan Act of 2021 ("ARPA") allocation to offset operating losses incurred because of COVID-19. The total was recorded as federal grant revenue under nonoperating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position for the fiscal year ended June 30, 2024.

Tuition and Fees Revenue
Student tuition and fee revenues are recognized in the period earned. Student tuition and fee revenue is presented net of scholarship aid applied to student accounts, while other financial aid refunded directly to students is presented as scholarship aid expense. Student tuition, college services fees, student activity fees, extension credit and non-credit program fees, and other miscellaneous student fees are recorded as gross tuition and fee revenues, represent the largest portion of operating revenue, but are offset by student financial aid grants from federal, state, local and private sources as well as by institutional aid in the form of tuition remission and statutory and other tuition and fee waivers, used to pay off student tuition and fee charges, resulting in net tuition and fee revenue after scholarship allowances. The revenue for a summer session is split between the two fiscal years, with appropriate amounts being recognized in the accounting period in which they are earned or incurred and become measurable.

Operating Activities
Operating activities as reported on the statement of revenue, expenses and changes in net position are those that generally result from exchange transactions such as payments received for providing services and payments made for services or goods received. Nearly all of CT State expenses are from exchange transactions. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, including state appropriations, certain emergency federal grants related to the coronavirus pandemic, Pell grants, gifts and investment income.

Income Taxes
CT State is a component unit of the State and is exempt from federal and state income taxes under the doctrine of intergovernmental tax immunity found in the U.S. Constitution. Accordingly,

no provision for income taxes has been recorded in the accompanying financial statements. CT State qualifies as a public charity eligible to receive charitable contributions under Section 170(b)(1)(A)(ii) of the Internal Revenue Code, as amended (the "Code").

Use of Estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes at June 30 and revenues and expenses recognized during the reporting period. Major estimates include the accrual for employee compensated absences, pension and other post-employment benefit liabilities, estimated lives of capital assets and the allowances for doubtful accounts. Actual results could differ from those estimates.

GASB Pronouncements Effective in Future Years
In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management is currently assessing the impact of this statement.

Subsequent Events
In accordance with generally accepted accounting principles, CT State has evaluated subsequent events for the period after June 30, 2024, through March 3, 2025, the date the financial statements were issued.

2. Cash and Cash Equivalents

Cash and cash equivalents are invested in the State Treasurer's STIF, a combined investment pool of high quality, short-term money market instruments. CT State may add or withdraw monies on a daily basis with interest earned from date of deposit to date of withdrawal. The primary investment objectives of the STIF are the preservation of principal and the provision of liquidity to meet participants' daily cash flow requirements.

Restricted cash is also held in an escrow account and is used to support an information technology infrastructure project.

The STIF is managed by investment managers in accordance with the investment guidelines established by the State Treasurer. These guidelines prohibit investment in derivative securities other than floating rate securities that vary in the same direction as individual short-term money market indices, and limit the ability to enter into reverse repurchase agreements in amounts not to exceed five percent (5%) of the STIF's net assets at the time of execution.

Cash and cash equivalents also include operating funds held by the State in a pooled, interest credit program which earns interest at a rate determined monthly by the Office of the State Treasurer. The interest rate at June 30, 2024 was 5.43%.

Cash and cash equivalents at June 30 are as follows:

		2024
Cash	$	274,380,811
Cash equivalents		39,104,064
Total Cash and Cash Equivalents	$	313,484,875

Investments are pooled by the State and separate accounting is maintained as to the amounts allocable to the various funds and programs.

Credit Risk – Credit risk is the risk that an investor will lose money because of the default of the security issuer or investment counterparty. CT State is only invested in the State Treasurer's STIF, which is a combined investment pool of high quality, short-term money market instruments. The risk is low for these types of investments.

Concentration of Credit Risk – Concentration of credit risk is assumed to arise when the amount of investments with one issuer exceeds 5% or more of the total value of investments. All of CT State's cash, cash equivalents and investments were invested in the STIF or consist of State general fund and capital bond fund appropriations allocated to CT State as of June 30, 2024.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Interest rate risk is managed by establishing targets for the preferred duration of the fixed income component of the investment portfolio by asset class by limiting investments through target allocations to different asset classes.

3. Accounts Receivable Other, Net

Accounts receivable other, net consists of the following at June 30:

		2024
Student tuition and fees receivable	$	18,459,485
Alowance for doubtful accounts		(10,237,219)
Student tuition and fee receivables, net		8,222,266
Other receivables		
Third-party contracts		801,184
Federal, state, local, and private grants		38,969,027
Other receivables		1,749,798
Allowance for doubtful accounts for other receivables		(258,430)
Other receivables, net		41,261,579
Total Accounts Receivable, Net	$	49,483,845

4. Capital Assets

Capital assets consist of the following at June 30:

	Balance at June 30, 2023	Additions	Disposals and Adjustments	Transfers	Balance at June 30, 2024
Capital assets not being depreciated					
Land	$ 12,613,613	$ -	$ -	$ -	$ 12,613,613
Construction in progress	14,672,524	11,284,698	-	(7,352,317)	18,604,905
Total capital assets not being depreciated	27,286,137	11,284,698	-	(7,352,317)	31,218,518
Depreciable capital assets					-
Land improvements	29,250,504	8,162	(108,097)	-	29,150,569
Building and building improvements	994,511,725	1,208,318	-	7,352,317	1,003,072,360
Furniture and equipment	96,557,080	11,605,905	(5,145,129)	-	103,017,856
Library books	2,523,340	169,846	(425,895)	-	2,267,291
Artwork non-collection	2,702,301	459,236	(3,779)	-	3,157,758
Vehicles	798,346	27,151	(59,156)	-	766,341
Right-of-use assets - real estate	11,854,862	-	-	-	11,854,862
Right-of-use assets - equipment	1,379,577	221,733	-	-	1,601,310
Right-of-use assets - subscriptions	25,254,828	472,692	-	-	25,727,520
Total depreciable capital assets	1,164,832,563	14,173,043	(5,742,056)	7,352,317	1,180,615,867
Less: accumulated depreciation and amortization					
Land improvements	(12,951,069)	(1,210,326)	22,278	-	(14,139,117)
Building and building improvements	(421,046,464)	(24,703,513)	-	-	(445,749,977)
Furniture and equipment	(78,897,781)	(4,006,502)	4,496,620	-	(78,407,663)
Library books	(1,476,281)	(216,399)	425,895	-	(1,266,785)
Artwork non-collection	(1,687,469)	(170,545)	3,779	-	(1,854,235)
Vehicles	(670,786)	(40,381)	59,156	-	(652,011)
Right-of-use assets - real estate	(3,101,425)	(1,546,292)	-	-	(4,647,717)
Right-of-use assets - equipment	(541,655)	(397,203)	-	-	(938,858)
Right-of-use assets - subscriptions	(4,387,963)	(5,814,216)	-	-	(10,202,179)
Total accumulated depreciation and amortization	(524,760,893)	(38,105,377)	5,007,728	-	(557,858,542)
Depreciable Capital Assets, Net	640,071,670	(23,932,334)	(734,328)	7,352,317	622,757,325
Capital Assets, Net	$ 667,357,807	$ (12,647,636)	$ (734,328)	$ -	$ 653,975,843

5. Unearned Revenue

Deferred grants and contracts and other unearned revenue for the year ended June 30 are as follows:

	2024
Deferred grants revenue	$ 23,927,853
Unearned tuition, fees and other	8,503,808
Total Unearned Revenue	$ 32,431,661

6. Accrued Compensated Absences

Accrued compensated absences consist of the following at June 30:

	2024
Accrued vacation	$ 22,109,150
Accrued sick leave	10,208,280
Other accrued fringe benefits	2,453,009
Total Accrued Compensated Absences	34,770,439
Less: Current Portion	(4,620,991)
Accrued Compensated Absences - Non-current Portion	$ 30,149,448

Activity for compensated absences as of June 30 includes:

Balance as of June 30, 2023	$ 37,022,180
Additions, net of payouts	(2,251,741)
Balance as of June 30, 2024	$ 34,770,439

These accruals represent amounts earned by all eligible employees through the end of the fiscal year. These accrued compensated absences ("ACA") will be settled over a number of years and are not expected to have a significant impact on the future annual cash flows of CT State. The current portion of ACA is estimated based on recent past history.

7. Leases

CT State has entered into various leases for building, equipment, and infrastructure.

Long-term leases payable activity for the year ended June 30, 2024 is summarized as follows:

Balance 6/30/23	Additions	Deletions and Adjustments	Balance 6/30/24	Amounts due within 1 year
9,871,638	$ 221,733	$ (1,864,894)	$ 8,228,477	$ 1,825,601

The principal and interest expense for the next five years and beyond are projected below for lease obligations:

Fiscal Year	Principal	Interest	Total
2025	$ 1,825,601	$ 254,080	$ 2,079,681
2026	1,468,256	199,232	1,667,488
2027	950,016	155,684	1,105,700
2028	807,320	125,962	933,282
2029	792,893	98,035	890,928
Thereafter	2,384,391	130,775	2,515,166
Total Requirements	$ 8,228,477	$ 963,768	$ 9,192,245
Less Current	$ (1,825,601)		
Non-Current	$ 6,402,876		

8. Subscription-Based Information Technology Arrangements

CT State entered into various SBITAs that convey CSCU control of the right to use vendor-provided software, alone or in combination with an underlying tangible IT capital asset. Of these SBITAs, some agreements call for payments that are partially or completely variable and therefore were not included in ROU subscription assets or subscription liabilities.

Long-term liability activity for the year ended June 30, 2024, is summarized as follows:

Balance 6/30/23	Additions	Deletions	Balance 6/30/24	Amounts due within 1 year
13,725,171	$ 456,594	$ (4,783,115)	$ 9,398,650	$ 3,742,673

The principal and interest expense for the next five years and beyond are projected below for subscription obligations:

Fiscal Year	Principal	Interest	Total
2025	$ 3,742,673	$ 501,571	$ 4,244,244
2026	1,283,549	316,138	1,599,687
2027	768,138	242,519	1,010,657
2028	795,449	199,903	995,352
2029	856,626	156,223	1,012,849
Thereafter	1,952,215	194,688	2,146,903
Total Requirements	$ 9,398,650	$ 1,611,042	$ 11,009,692
Less Current	$ (3,742,673)		
Non-Current	$ 5,655,977		

9. Bonds and Note Payable

The State, through acts of its legislature, provides funding for certain major plant facilities of CT State. The State obtains its funds for these construction projects from general obligation bonds, which it issues from time to time. The State is responsible for all repayments of the bonds in accordance with bond indentures.

Debt service on bonds issued by the State to finance educational and general facilities is funded by the general fund of the State, which is in the custody of the State Treasurer. These bonds do not require repayment by CT State and, accordingly, the State's debt obligation attributable to the CT State educational and general facilities is not reported as CT State debt in the accompanying financial statements.

On October 1, 2022**,** CSCU entered into an installment payment agreement (IPA) with a financial institution for $37.1 million for the purchase of IT infrastructure software and equipment. The outstanding balance on the IPA at June 30, 2024 is $31.8 million; CT State's distributive share of this CSCU note payable is $13.0 million and CSUS's share is $18.8 million. Part of the agreement included the receipt of cash of an equal amount in an escrow account to be used for the purchase of the equipment. The escrow account totaled $709 thousand at June 30, 2024 for CT State, and is included in cash and cash equivalents on the financial statements. The escrow account earned $182.7 thousand of interest during 2024. The agreement calls for annual payments beginning October 2023 and continuing until October 2029 at 0% interest. CT State's distributive portion of the payments is $2.2 million each year for the next 6 years.

10. Commitments and Contingencies

CT State makes expenditures in connection with restricted government grants and contracts which are subject to final audit by government agencies. CT State is of the opinion that the amount of disallowances, if any, sustained through such audits would not materially affect the financial position of CT State.

CT State is a defendant in various legal actions arising out of the normal course of its operations. Although the final outcome of such actions cannot be determined now, management is of the opinion that eventual liability, if any, will not have a material effect on CT State's financial position.

CT State had outstanding purchase orders and related commitments for materials, services and capital expenditures that had not been received as of June 30. These commitments are not recorded as liabilities until materials or services are received.

The commitments of total net position balances at June 30 were as follows:

		2024
Total Commitments	$	27,268,282

11. Pension Plans

Plan Description
All regular full-time employees participate in one of two retirement plans. The State of Connecticut is statutorily responsible for the pension benefits of CSCU employees who participate in the State Employees' Retirement System ("SERS"). SERS is the administrator of

a single employer defined benefit public employee retirement system ("PERS"). SERS provides retirement, disability, death benefits and cost of living adjustments to plan members and their beneficiaries. Plan benefits, cost of living adjustments, contribution requirements of plan members and the State and other plan provisions are described in agreements between the State and the State Employee Bargaining Agent Coalition ("SEBAC") as authorized by the General Statutes. SERS does not issue standalone financial reports. Information on the plan is currently publicly available in the State of Connecticut's Annual Comprehensive Financial Report prepared by the Office of the State Comptroller, and in annual actuarial valuations prepared by the State Retirement Commission.

Employees hired before July 1, 2011 participate in Tier I, Tier II, Tier IIA, or TRS depending on several factors.

Employees hired after July 1, 2011 but before July 31, 2017 were eligible to participate in Tier III or the Hybrid Plan, the 2 primary SERS plan options available (some employees are eligible to elect the Teachers Retirement System - "TRS"). The Hybrid Plan, which became effective July 1, 2011 under the 2011 agreement between the State of Connecticut and SEBAC, provides a retirement plan option for employees hired on or after July 1, 2011 in a position statutorily defined as a state teacher or a professional staff member in higher education. The Hybrid Plan is a defined benefit plan that provides members with a life-time defined benefit the same as the benefit provided under SERS Tier III with the option at the time of retirement to elect to receive a lump sum payment of their contributions with a 5% match by the State and 4% interest in lieu of a defined benefit.

Employees hired after July 1, 2017 are eligible to participate in Tier IV as a result of the 2017 SEBAC agreement. The SERS Tier IV plan is comprised of both a traditional Defined Benefit component and a new Defined Contribution component. The Tier IV Defined Benefit component provides a pre-defined monthly retirement income for life, with the amount being affected by years of service, retirement age, and the member's final average earnings for members that satisfy the Tier IV minimum age and service eligibility requirements. The Tier IV Defined Contribution component establishes an account consisting of an accumulation of employee and employer contributions both set equal to 1%, as well as investment gains or losses. Each Tier IV member will have an account with the third-party administrator of the State Alternate Retirement Program (ARP). Prior to this fiscal year, CSCU made contributions on behalf of the employees in SERS plans through a fringe benefit charge assessed by the State of Connecticut. Effective fiscal year 2024, the State pays retirement-related fringe benefit costs for all employees of the constituent units of the state higher education system.

Alternatively, employees may choose to participate in the ARP, which is a defined contribution plan managed by Empower. For eligible employees who first became ARP participants prior to September 1, 2017, they contribute 5.0% of their pay and the State contributes 7.0% to participants' investment accounts. For employees becoming ARP participants on or after September 1, 2017, they contribute 6.5% and the State contributes 7.0% to individual participants' investment accounts managed by Empower. Employees that became ARP employees on or after September 1, 2017 may opt out of the 6.5% contribution and elect a 5.0% participant contribution.

Funding Policy

The contribution requirements of plan members and the State are established and may be amended by the State legislature subject to the contractual rights established by collective bargaining.

Tier I Plan B regular and Plan B Hazardous Duty members are required to contribute 2% and 4% of their annual salary up to the Social Security Taxable Wage Base, respectively, plus 5% above that level. Tier I Plan C and Hybrid Plan members are required to contribute 5% of their

annual salary. Tier IIA Plan and Tier III Plan regular and Hazardous Duty members are required to contribute 2% and 5% of their annual salaries, respectively. Tier IV employees contribute 5% of their salary (8% for hybrid and hazardous duty members) plus 1% into the defined contribution component.

The State is required to contribute at an actuarially determined rate, which may be reduced or increased by an act of the State legislature. The State contributed $73.5 million and $2.1 million, on behalf of CT State, for SERS and TRS, respectively, for fiscal year 2024, equal to 100% and 119%, respectively, of the required contributions that year.

Net Pension Liability
CT State's net pension liability is valued one year in arrears. The net pension liability recorded in the financial statements as of June 30, 2024 was measured and valued as of June 30, 2023 and the total pension liability used to calculate the net pension liability was determined by the most current actuarial valuation as of those dates. CT State's proportion of the net pension liability was based on a projection of CT State's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities and the State, actuarially determined. For the SERS plan, CT State's proportion was 2.25% as of June 30, 2024. For the TRS plan, CT State's proportion was 0.11% as of June 30, 2024.

All SERS and TRS assets are available to pay any participants benefits. However, the portion of each plan's net pension liability attributable to CT State is calculated separately. The net pension liability for CT State as of June 30, 2024 for SERS and TRS was $467.4 million and $19.4 million, respectively.

Actuarial Assumptions for SERS:
The total pension liability was determined using the following actuarial assumptions, applied to all periods:

Measurement Year	**2023**
Inflation	2.50%
Salary increases including inflation	3.00% to 11.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%

Mortality rates were based on the Pub-2010 Above Median Mortality Tables (Amount-weighted) projected generationally with MP-2020 improvement scale.

The actuarial assumptions used in the June 30, 2023 valuation (which was the basis for recording the June 30, 2024 financial statement liabilities) were based on the results of an actuarial experience study for the five-year period July 1, 2015 – June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage and by adding expected inflation.

The best estimates of geometric rates of return for each major asset class as of the 2023 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0%	6.8%
Public Credit	2.0%	2.9%
Core Fixed Income	13.0%	0.4%
Liquidity Fund	1.0%	-0.4%
Risk Mitigation	5.0%	0.1%
Private Equity	15.0%	11.2%
Private Credit	10.0%	6.1%
Real Estate	10.0%	6.2%
Infrastructure and Natural Resources	7.0%	7.7%
	100.0%	

Actuarial Assumptions for TRS:

The total pension liability was determined using the following actuarial assumptions, applied to all periods:

Measurement Year	2023
Inflation	2.50%
Salary increases including inflation	3.00% to 6.50%
Investment rate of return net of pension plan investment expense, including inflation	6.90%

Mortality rates were based on the PubT-2010 Healthy Retiree Table (adjusted 105% for males and 103% for females at age 82 and above), projected generationally with MP-2019 for the period after service retirement. The PubT-2010 Disabled Retiree Table projected generationally with MP-2019 was used for the period after disability retirement. The Pub-2010 Contingent Survivor Table projected generationally with MP-2019 and set forward 1 year for both males and females was used for survivors and beneficiaries. The PubT-2010 Employee Table projected generationally with MP-2019 was used for active members.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of the 2023 measurement date are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0%	6.8%
Public Credit	2.0%	2.9%
Core Fixed Income	13.0%	0.4%
Liquidity Fund	1.0%	-0.4%
Risk Mitigation	5.0%	0.1%
Private Equity	15.0%	11.2%
Private Credit	10.0%	6.1%
Real Estate	10.0%	6.2%
Infrastructure and Natural Resources	7.0%	7.7%
	100.0%	

Discount Rate for SERS:

The discount rate used to measure the total pension liability was 6.9% in the 2023 measurement year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and the State's contributions will be made at rates equal to the difference between actuarially determined contributions rates and the member rates. Based on those assumptions, the net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Discount Rate for TRS:

The discount rate used to measure the total pension liability was 6.9% in the 2023 measurement year. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of Net Pension Liability to Changes in Discount Rate

The following table presents the current-period net pension liability of CT State calculated using the current-period discount rate assumption of 6.9% for SERS and 6.9% for TRS, as well as what the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (SERS - 5.9%) (TRS - 5.9%)	Current Discount (SERS - 6.9%) (TRS - 6.9%)	1% Increase (SERS - 7.9%) (TRS - 7.9%)
SERS	$ 580,169,807	$ 467,427,486	$ 373,444,268
TRS	25,339,462	19,395,800	14,461,840

Pension Expense, Deferred Outflows and Deferred Inflows of Resources Related to Defined Benefit Pension Plan

For the year ended June 30, 2024, CT State recognized an expense of $11 million for SERS and TRS. A schedule of deferred outflows and inflows of resources as of June 30, 2024 is presented in Note 13. The net amount of deferred outflows and deferred inflows of resources related to the pensions attributed to CT State that will be recognized in pension expense during the next five years is as follows:

Fiscal Year Ending June 30,	SERS	TRS	Total
2025	$ (38,121,561)	$ 358,105	$ (37,763,456)
2026	(48,645,386)	(701,796)	(49,347,182)
2027	(43,962,632)	641,469	(43,321,163)
2028	(27,299,432)	363,019	(26,936,413)
2029	(4,267,176)	677,600	(3,589,576)
Thereafter	-	232,929	232,929
Total	$ (162,296,187)	$ 1,571,326	$ (160,724,861)

12. Other Post-Employment Benefits

The State provides post-retirement health care and life insurance benefits to eligible CSCU employees, in accordance with Sections 5-257(d) and 5-259(a) of the Connecticut General Statutes. When employees retire, the State pays up to 100% of their health care insurance premium cost (including the cost of dependent coverage). This benefit is available to retirees of the State Employees' Retirement System and participants in the Connecticut Alternate Retirement Program who meet certain age and service criteria.

The State also pays 100% of the premium cost for a portion of the employee's life insurance continued after retirement. The amount of life insurance continued at no cost to the retiree is determined in a formula based on the number of years of State service that the retiree had at the time of retirement. The State finances the cost of post-retirement health care and life insurance benefits.

There is a single State sponsored defined benefit OPEB plan open to CSCU employees, the State Employee OPEB Plan ("SEOPEBP"). The State Comptroller's Healthcare Policy and Benefits Division under the direction of the Connecticut State Employees Retirement Commission administers the SEOPEBP. The membership of the commission is composed of the State Treasurer or designee, who is a nonvoting ex-officio member; fifteen trustees, including six trustees representing state employees; six trustees representing state management; two trustees who are professional actuaries and one neutral trustee who serves as chairman. Also, the State Comptroller, ex officio, serves as the nonvoting secretary. The Governor makes all appointments except the employee trustees, who are selected by employee bargaining agents. Management and employee trustees make the appointments of the chairman and the actuarial trustee positions.

Plan Description

SEOPEBP is a single-employer defined benefit OPEB plan that covers retired employees of CSCU who are receiving benefits from any State-sponsored retirement system. The plan provides healthcare and life insurance benefits to eligible retirees and their spouses. Plan benefits, required contributions of plan participants and the State, and other plan provisions are described in Sections 5-257 and 5-259 of the General Statutes.

Funding Policy

SEOPEBP is primarily funded on a pay-as-you-go basis for non-contributory members and 100 percent for contributory members through an annual appropriation in the General Fund. The contribution requirements of the plan members and the State are established and may be amended by the State legislature or by agreement between the State and employee's unions, upon approval by the State legislature. Current active employees contribute a percentage of their salary to the Retiree Health Care Trust Fund (RHCF) for pre-funding of OPEB benefits for a period of time. Employees hired prior to July 1, 2017, contribute 3% of their salary for a period of 10 years or until retirement, whichever is sooner. In accordance with the SEBAC 2017 agreement, employees hired on or after July 1, 2017, contribute 3% of their salary for 15 years. Contributions are refundable to employees who leave State employment prior to completing the required years of service.

Similar to pension, CT State's contributions to SEOPEBP during the July 1, 2022 – June 30, 2023 measurement period were determined by applying fringe benefit rates assessed by the State to eligible salaries and wages in each participant category. However, legislation effective July 1, 2023, changed CT State's State funding structure concerning employer contributions. As a result, CT State did not make any contributions to SEOPEBP in fiscal year 2024, as these were funded by the State. Furthermore, no amounts were reported as deferred outflows of resources as of June 30, 2024, for contributions made subsequent to the measurement date.

Investments
The State Treasurer employs several outside consulting firms as external money and investment managers, to assist the State's Chief Investment Officer, as they manage the investment programs of the SEOPEBP. Plan assets are managed primarily through assets allocation decisions with the main objective being to maximize investment returns over the long term at an acceptable level of risk. There is no concentration of investments in any one organization that represents 5.0 percent or more of plan net position available for benefits.

The following is the asset allocation policy as of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	37.0%	6.8%
Public Credit	2.0%	2.9%
Core Fixed Income	13.0%	0.4%
Liquidity Fund	1.0%	-0.4%
Risk Mitigation	5.0%	0.1%
Private Equity	15.0%	11.2%
Private Credit	10.0%	6.1%
Real Estate	10.0%	6.2%
Infrastructure and Natural Resources	7.0%	7.7%
	100.0%	

Net OPEB Liability
CT State's net OPEB (NOL) liability is valued one year in arrears. The total OPEB liability (TOL) used to calculate the NOL was determined based on an actuarial valuation report as June 30, 2023. The TOL measured since the prior measurement date of June 30, 2022, reflects changes in actuarial assumptions. The discount rate was updated for contributory and non-contributory members. Per capita health cost, administrative costs, and retiree contributions were updated for recent experience. Actuarial factors used to estimate individual retiree and spouse costs by age and gender were adjusted. In addition, healthcare cost trend rates and retiree contribution

rates were adjusted and the Medicare prescription drug trend rates were updated to include an estimate for the impact of the Inflation Reduction Act.

CT State's proportion of the collective NOL was based on its share of contributions relative to total contributions made to SEOPEBP. Based on this calculation, the CT State's proportion was 4.67% as of the measurement date of June 30, 2023, which was a decrease of 0.17 percentage points from its proportion measured as of June 30, 2022. CT State's proportionate share of the collective NOL as of June 30, 2024 was $728.6 million.

Legislative changes effective after the June 30, 2023 measurement date are anticipated to impact CT State's proportionate share of the collective net OPEB liabilities, deferred inflows and deferred outflows of resources, and related OPEB expenses in future periods. The implications of these changes are still being evaluated as of the reporting date.

Actuarial Assumptions:

The total OPEB liability was determined by actuarial valuations as of June 30, 2024 using the following actuarial assumptions:

Measurement Year	**2024**
Inflation	2.50%
Payroll growth rate	3.00%
Salary increases	3.00% to 11.50% varying by years of service and retirement system
Discount rate	6.90% contributory and 3.65% non-contributory members as of June 30, 2023
	3.90% for all members as of June 30, 2022
Healthcare cost trend rates:	
Medical (Non-Medicare)I	-0.35%, then 5.75% decreasing by 0.25% each year to an ultimate level of 4.50% per year
Prescription drug (Non-Medicare)	2.35%, then 6.50% decreasing by 0.25% each year to an ultimate level of 4.50% pear year
Medical and Prescription Drug (Medicare)	32.51%. 59.22%, 28.24% then 5.75% decreasing by 0.25% each year to an ultimatle level of 4.50% per year

Mortality Rates	
Pre-Retirement:	Pub-2010 General, Above-Median, Employee Headcount-weighted Mortality Table projected generationally using Scale MP-2020
Healthy Annuitant:	Pub-2010 General, Above-Median, Healthy Retiree Headcount-weighted Mortality Table projected generationally using Scale MP-2020
Disabled Annuitant:	Pub-2010 General, Disabled Retiree Employee Headcount-weighted Mortality Table projected generationally using Scale MP-2020
Contingent Annuitant:	Pub-2010 General, Above-Median, Contingent Annuitant Headcount-weighted Mortality Table projected generationally using Scale MP-2020

The projection of cash flows used to determine the discount rate was performed in accordance with GASB pronouncements.

The following presents the current period net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate and healthcare cost trend rate that is 1% lower or 1% higher than the current rate utilized:

For measurement date of June 30, 2023:

Discount rate comparison:

	1% Decrease in Discount Rate (5.90%)	Current Discount Rate (6.90%)	1% Increase in Discount Rate (7.90%)
Net OPEB Liability	$ 847,138,004	$ 728,626,929	$ 631,589,255

Health care trend rate comparision:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Net OPEB Liability	$ 630,698,962	$ 728,626,929	$ 848,819,640

OPEB Expense, Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, CT State recognized an OPEB expense of $900 thousand. A schedule of deferred outflows and inflows of resources as of June 30, 2024 is presented in Note 13. The net amount of deferred outflows and deferred inflows of resources related to OPEB attributed to CT State that will be recognized in OPEB expense during the next five years is as follows:

Fiscal Years Ending June 30,		**OPEB**
2025	$	(85,816,845)
2026		(98,220,513)
2027		(55,577,033)
2028		(15,248,369)
2029		(1,309,996)
Thereafter		-
Total	$	(256,172,756)

13. Deferred Outflows and Inflows of Resources

Deferred outflows and deferred inflows of resources consisted of the following:

As of June 30, 2024	SERS	TRS	OPEB	Leases	Total
DEFERRED OUTFLOWS OF RESOURCES					
Difference between expected and actual experience	$ 48,867,265	$ 686,615	$ 7,611,590	$ -	$ 57,165,470
Changes of assumptions or other inputs	-	1,410,601	62,299,531	-	63,710,132
Net difference between projected and actual earnings on pension plan investments	8,889,887	789,479	4,569,510	-	14,248,876
Changes in proportion and differences between employer contributions and proportionate share of contributions	54,244,277	6,284,925	108,379,822	-	168,909,024
Total Deferred Outflows of Resources	**$ 112,001,429**	**$ 9,171,620**	**$ 182,860,453**	**$ -**	**$ 304,033,502**
DEFERRED INFLOWS OF RESOURCES					
Difference between expected and actual experience	$ -	$ 152,885	$ 49,796,311	$ -	49,949,196
Changes of assumptions or other inputs	475,165	-	224,176,952	-	224,652,117
Changes in proportion and differences between employer contributions and proportionate share of contributions	273,822,451	7,447,409	165,059,946	-	446,329,806
Unrecognized revenues from other than short term leases	-	-	-	614,378	614,378
Total Deferred Inflows of Resources	**$ 274,297,616**	**$ 7,600,294**	**$ 439,033,209**	**$ 614,378**	**$ 721,545,497**

14. Natural Classification with Functional Classification

The operating expenses by functional classification for the year ended June 30, 2024 are summarized as follows:

	Salaries and wages	Fringe benefits	Professional services and fees	Educational services and support	Travel expenses	Operation of facilities	Other operating supplies and expenses	Scholarship aid, net	Depreciation and amortization expense	Total operating expenses
Academic support	$ 37,825,091	$ 12,478,661	$ 2,236,364	$ 4,002,838	$ 1,359,687	$ 805,982	$ 3,987,149	$ -	$ -	$ 62,695,772
Auxilliary enterprises	81,549	(118,946)	123,796	-	155	3,073	60,395	-	-	150,022
Depreciation and amortization	-	-	-	-	-	-	-		38,105,377	38,105,377
Institutional support	36,997,416	10,074,805	11,218,145	71,122	358,800	174,195	15,633,756	-	-	74,528,239
Instruction	143,480,760	34,587,609	863,992	4,671,218	155,307	380,272	649,816	-	-	184,788,974
Library	6,230,503	1,908,271	99,971	1,154,208	3,602	10,410	273,314	-	-	9,680,279
Physical plant	11,719,342	4,947,323	190,067	20,319	30,910	28,179,818	1,685,129	-	-	46,772,908
Public service	117,711	98,823	287,161	404,608	7,588	101,423	246,903	-	-	1,264,217
Scholarship aid	-	-	-	-	-	-	-	28,134,845	-	28,134,845
Student services	37,871,619	12,601,841	1,700,720	1,456,354	144,406	45,630	543,607	-	-	54,364,177
	$ 274,323,991	$ 76,578,387	$ 16,720,216	$ 11,780,667	$ 2,060,455	$ 29,700,803	$ 23,080,069	$ 28,134,845	$ 38,105,377	$ 500,484,810

REQUIRED SUPPLEMENTARY INFORMATION

Connecticut State Community College
Schedule of Net Pension Liability, OPEB Liability, and Related Ratios (Unaudited)
Years Ended 2024-2015 (Pension) and 2024-2017 (OPEB)

State Employee Retirement System Plan
Last 10 Fiscal Years
(in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
CT State's proportion of the net pension liability	2.25%	2.88%	3.99%	3.78%	3.89%	3.55%	3.55%	3.61%	3.60%	3.38%
CT State's proportionate share of the net pension liability	$ 467,427	$ 635,914	$ 848,177	$ 895,828	$ 888,170	$ 770,504	$ 747,249	$ 829,328	$ 594,978	$ 540,627
CT State's covered payroll	$ 93,937	$ 109,200	$ 153,456	$ 138,687	$ 143,525	$ 121,796	$ 136,569	$ 134,378	$ 130,285	$ 117,737
CT State's proportionate share of the net pension liability as a percentage of its covered payroll	498%	582%	553%	646%	619%	633%	547%	617%	457%	459%
Plan Fiduciary net position as a percentage of the total pension liability	50.59%	45.76%	44.55%	35.84%	36.79%	36.62%	36.25%	31.69%	39.23%	39.54%

Teachers Retirement System Plan
Last 10 Fiscal Years
(in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
CT State's proportion of the net pension liability	0.11%	0.08%	0.11%	0.11%	0.19%	0.19%	0.09%	0.09%	0.11%	0.11%
CT State's proportionate share of the net pension liability	$ 19,396	$ 15,054	$ 16,910	$ 21,338	$ 32,758	$ 25,258	$ 12,130	$ 12,798	$ 12,018	$ 11,109
CT State's covered payroll	$ 5,593	$ 3,758	$ 5,483	$ 5,348	$ 5,559	$ 6,578	$ 3,549	$ 3,549	$ 4,327	$ 4,197
CT State's proportionate share of the net pension liability as a percentage of its covered payroll	347%	401%	308%	399%	589%	384%	342%	361%	278%	265%
Plan Fiduciary net position as a percentage of the total pension liability	58.39%	54.06%	60.77%	49.24%	52.00%	57.69%	55.93%	52.26%	59.50%	61.56%

Other Post Employment Benefits
Last 10 Fiscal Years [1]
(in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017
CT State's proportion of the net OPEB liability	4.67%	4.84%	4.83%	5.00%	5.45%	4.81%	3.90%	4.03%
CT State's proportionate share of the net OPEB liability	$ 728,627	$ 749,814	$ 942,813	$ 1,178,083	$ 1,128,068	$ 834,514	$ 841,978	$ 869,279
CT State's covered payroll	$ 227,294	$ 181,848	$ 176,189	$ 187,455	$ 197,396	$ 194,412	$ 200,796	$ 206,023
CT State's proportionate share of the net OPEB liability as a percentage of its covered payroll	321%	412%	535%	628%	571%	429%	419%	N/A
Plan Fiduciary net position as a percentage of the total OPEB liability	14.60%	12.63%	10.12%	6.13%	5.40%	4.69%	3.03%	1.94%

[1] *Until a full 10-year trend is compiled, the System is presenting only information for years for which information is available.*

State Employee Retirement System Plan
Last 10 Fiscal Years
(in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 73,498	$ 82,157	$ 71,276	$ 61,039	$ 61,450	$ 51,270	$ 55,136	$ 54,676	$ 49,636	$ 42,837
Contributions in relation to the contractually required contribution	(73,498)	(82,157)	(71,276)	(61,039)	(61,450)	(51,270)	(54,695)	(54,239)	(49,388)	(42,837)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ 441	$ 437	$ 248	$ -
CT State's covered payroll	$ 93,937	$ 109,200	$ 153,456	$ 138,687	$ 139,212	$ 121,796	$ 136,569	$ 136,569	$ 130,285	$ 117,737
Contributions as a percentage of covered payroll	78.24%	75.24%	46.45%	44.01%	44.14%	42.09%	40.05%	39.72%	37.91%	36.38%

Teachers Retirement System Plan
Last 10 Fiscal Years [1]
(in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 1,800	$ 1,187	$ 1,416	$ 1,370	$ 2,480	$ 2,441	$ 909	$ 876	$ 1,078	$ 1,039
Contributions in relation to the contractually required contribution	(2,134)	(2,367)	(1,811)	(1,642)	(1,963)	(1,296)	(551)	(1,613)	(1,970)	(1,927)
Contribution deficiency (excess)	$ (335)	$ (1,180)	$ (395)	$ (273)	$ 517	$ 1,145	$ 358	$ (737)	$ (892)	$ (888)
CT State's covered payroll	$ 5,593	$ 3,758	$ 5,483	$ 5,348	$ 5,559	$ 6,578	$ 3,549	$ 3,549	$ 4,327	$ 4,197
Contributions as a percentage of covered payroll	38.16%	62.98%	33.03%	30.71%	35.31%	19.70%	15.53%	45.45%	45.53%	45.91%

Other Post Employment Benefits
Last 10 Fiscal Years [1]
(in thousands)

	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 39,728	$ 41,023	$ 41,912	$ 43,399	$ 41,067	$ 38,542	$ 32,590	$ 30,682
Contributions in relation to the contractually required contribution	(39,728)	(41,023)	(41,912)	(43,399)	(41,067)	(38,542)	(32,590)	(30,682)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CT State's covered-employee payroll	$ 227,294	$ 181,848	$ 176,189	$ 187,455	$ 197,396	$ 194,412	$ 200,796	$ 206,023
Contributions as a percentage of covered payroll	17.48%	22.56%	23.79%	23.15%	20.80%	19.83%	16.23%	14.89%

[1] *Until a full 10-year trend is compiled, the System is presenting only information for years for which information is available.*

1. Notes to Required Supplementary Information

Pension Plans

Changes of benefit terms:

- Legislation was passed restoring the 25% wear down of Plan N benefits to vested members as of June 30, 2019

Changes of assumptions:

- None

State Employee OPEB Plan

Changes of benefit terms:

- None

Changes of assumptions:

Effective June 30, 2023:

- The discount rate was updated in accordance with GASB No. 75 to 3.90% as of June 30, 2022

Effective June 30, 2024:

- The discount rate was updated to 6.90% as of June 30, 2023 for contributory members and 3.65% as of June 30, 2023 for non-contributory members
- The per capita health costs, administrative expenses and retiree contributions were updated for recent experience
- The actuarial factors used to estimate individual retiree and spouse costs by age and gender were updated
- The health care cost trend rates and the retiree contribution increase rates were revised to reflect current experience and future expectations
- The Medicare prescription drug trend rates were updated to reflect an estimate for the impact of the Inflation Reduction Act